

# ANNUAL REPORT 1966



## SUPERCRETE LTD.

222 PROVENCER AVENUE, ST. BONIFACE, MANITOBA





# **SUPERCRETE LTD.**

**HEAD OFFICE — 222 PROVENCHER AVENUE, ST. BONIFACE, MANITOBA**

**OFFICERS**    *President, J. HENRY BORGER*  
*Vice-President, FRANK M. FOWLER, P.ENG.*  
*Vice-President, ALEX ROBERTSON*  
*General Manager, BRIAN WHITFIELD, P.ENG.*  
*Secretary-Treasurer, FRED DUNSMORE, C.A.*

**DIRECTORS**    J. HENRY BORGER  
FRANK M. FOWLER, P.ENG.  
CLARENCE LOWE  
ALEX ROBERTSON  
CHARLES SCHWARTZ, JR.  
D. A. THOMPSON, Q.C.

**TRANSFER AGENT AND REGISTRAR**    MONTREAL TRUST COMPANY  
**TRUSTEE FOR DEBENTURE HOLDERS**    Winnipeg, Man.

**SOLICITORS**    THOMPSON, DILTS & COMPANY

**AUDITORS**    PRICE WATERHOUSE & CO.

**ANNUAL MEETING**    The Annual General Meeting of Shareholders will  
be held at 2:00 p.m., Friday, April 28, 1967, at the  
head office of the Company, St. Boniface, Man.

**COVER:**

Many of the products being used in the construction of the Manitoba Centennial Centre are being manufactured in the plants of Supercrete Ltd.

new

## To Supercrete Shareholders:

The consolidated financial statements of your Company and its subsidiaries for the year ended December 31, 1966 are submitted herewith, together with the auditors' report thereon.

After providing for depreciation of \$448,713, the net earnings for 1966 amounted to \$265,803 compared to net earnings in 1965 of \$360,670, after depreciation of \$455,115. A substantial overall reduction in construction activity in our market area, which was experienced throughout 1966, was the main reason for the reduction in net earnings. This decrease in construction activity was especially evident in the Metro Winnipeg ready-mix concrete business, which suffered a very substantial reduction in volume from the previous year. In our precast concrete division, there was a reduction in completed contracts during the year. This reduction was mainly the result of several large projects, in which we are involved as sub-contractors, not being completed at the year end. We do not take up profits on contracts until they are completed. However, we are starting 1967 with a backlog of precast contracts approximately double in amount from that of the previous year.

During the year 1966, working capital increased by \$104,599 and further strengthened the financial position of your Company. Once again, a cash dividend of 2 cents per share was paid, and it is anticipated that the financial position of the Company will warrant a dividend in the current year.

Your directors express their sincere thanks to the employees of the Company for their continued co-operation and efforts.

While we do not anticipate any significant improvement in construction activity for 1967, we are presently forecasting slightly increased sales and profits over those of 1966.

The consolidation of the authorized capital stock of the Company on the basis of 1 new share for each 4 present shares, as authorized at the annual meeting held in 1966, has not been confirmed by the Provincial Secretary of the Province of Manitoba and the consolidation is not yet effective.

It is anticipated that such confirmation will be given prior to the annual meeting to be held this month. Shareholders will be advised of the effective date of the consolidation.

*On behalf of the Board,*

J. HENRY BORGER,  
*President.*



PRICE WATERHOUSE & Co.

1100 ROYAL BANK BLDG.  
220 PORTAGE AVENUE  
WINNIPEG 1, CANADA

February 28, 1967

AUDITORS' REPORT

To the Shareholders of  
Supercrete Ltd.:

We have examined the consolidated balance sheet of Supercrete Ltd. and subsidiary companies as at December 31, 1966 and the consolidated statements of earnings and retained earnings and source and application of funds for the year then ended. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies as at December 31, 1966 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Price Waterhouse & Co.*  
Chartered Accountants.

## SUPERCRETE LTD. AND SUBSIDIARY COMPANIES

### *Consolidated Statement of Earnings and Retained Earnings*

*For the Year Ended December 31, 1966*

	1966	1965
Sales and other income, less cost of goods sold, except depreciation, depletion and amortization shown below.....	\$1,307,666	\$1,392,949
Other costs and expenses:		
Selling, general and administrative expenses.....	513,316	478,525
Depreciation, depletion and amortization.....	448,713	455,115
Remuneration of directors.....	4,500	4,500
Interest on long-term debt.....	75,334	94,139
	1,041,863	1,032,279
Net earnings for the year (Note 5).....	265,803	360,670
Retained earnings at the beginning of the year.....	1,046,268	784,588
	1,312,071	1,145,258
Less—Dividend paid (2c per share).....	98,990	98,990
Earnings retained since December 31, 1961.....	\$1,213,081	\$1,046,268



## DECEMBER

	<u>1966</u>	<u>1965</u>
CURRENT ASSETS:		
Cash.....	\$ 11,574	\$ 14,658
Accounts receivable (Note 3).....	1,044,467	1,308,569
Inventories (Notes 2 and 3).....	1,280,427	1,292,862
Prepaid expenses.....	14,204	13,401
	<hr/>	<hr/>
Total current assets.....	2,350,672	2,629,490
	<hr/>	<hr/>
PROPERTY, PLANT AND EQUIPMENT—at cost.....	6,031,075	5,882,141
Less—Accumulated depreciation, depletion and amortization.....	3,710,863	3,398,113
	<hr/>	<hr/>
	2,320,212	2,484,028
	<hr/>	<hr/>
<i>Approved by the Board:</i>		
 J. H. BORGER, <i>Director</i>		
 F. M. FOWLER, <i>Director</i>		
	<hr/>	<hr/>
	\$4,670,884	\$5,113,518
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# Balance Sheet

31, 1966

## LIABILITIES

	<u>1966</u>	<u>1965</u>
CURRENT LIABILITIES:		
Bank loans, secured (Note 3).....	\$ 150,000	\$ 500,000
Accounts payable and accrued liabilities.....	341,742	375,159
Current instalments of long-term debt (Note 3).....	220,000	220,000
Total current liabilities.....	<u>711,742</u>	<u>1,095,159</u>
LONG-TERM DEBT, less current instalments (Note 3).....	990,161	1,216,191
Total liabilities.....	<u>1,701,903</u>	<u>2,311,350</u>
COMMITMENTS (Note 4)		

## SHAREHOLDERS' EQUITY

CAPITAL STOCK:		
Common shares—par value 25c each:		
Authorized—5,000,000 shares		
Issued —4,949,501 shares.....	1,237,375	1,237,375
CONTRIBUTED SURPLUS.....	518,525	518,525
EARNINGS RETAINED SINCE DECEMBER 31, 1961.....	1,213,081	1,046,268
	<u>2,968,981</u>	<u>2,802,168</u>
	<u>\$4,670,884</u>	<u>\$5,113,518</u>



## SUPERCRETE LTD. AND SUBSIDIARY COMPANIES

### *Notes to the Financial Statements*

December 31, 1966

1. PRINCIPLES OF CONSOLIDATION:

All subsidiary companies were wholly-owned at December 31, 1966, and all have been included in the consolidated financial statements.

2. INVENTORIES:

Finished goods and merchandise.....	\$ 360,791
Raw materials.....	674,667
Supplies and spare parts.....	160,169
Incomplete contracts, at cost less \$201,442 progress billings.....	84,800
	<u>\$1,280,427</u>

Finished goods and raw materials are stated on the basis of the lower of average cost or estimated realizable value, and merchandise, supplies and spare parts on the basis of the lower of cost, on a first-in first-out basis, or replacement cost.

3. LONG-TERM DEBT:

	<u>Current Instalments</u>	<u>Long-Term</u>
6% non-convertible subordinated sinking fund debentures.....	\$120,000	\$428,922
Bank loan (collaterally secured by 6% serial debentures issued for that purpose).....	100,000	261,239
Notes payable to shareholder, due on or after March 31, 1968.....	—	300,000
	<u>\$220,000</u>	<u>\$990,161</u>

Payments of \$120,000 are due on March 31 in each of the years 1967 to 1971 inclusive as a sinking fund in respect of the 6% non-convertible debentures. The bank loan of \$361,239 is repayable \$100,000 annually in each of the years 1967 to 1969 and the balance in 1970. As security for this loan and for current bank loans, the banks hold a pledge of the accounts receivable and of a substantial portion of the inventories of the Company and its subsidiary companies.



4. COMMITMENTS:

The companies' minimum annual commitments under property leases are approximately \$90,000 for a minimum of five years. One of the leases contains a provision relating to the quantity of raw materials removed.

5. TAXATION:

Income taxes which otherwise would have been payable for the year, have been eliminated through application of losses of prior years and the claiming of capital cost allowance in excess of depreciation recorded in the accounts for the year. The companies claimed amounts of capital cost allowance in the years 1959 to 1965 which were less than depreciation recorded, with the result that the undepreciated capital cost of fixed assets at December 31, 1966 exceeds the value of the depreciable assets shown in the balance sheet by \$1,520,000.

## ***Consolidated Statement of Source and Application of Funds***

*For the Year Ended December 31, 1966*

	<u>1966</u>	<u>1965</u>
Funds were provided by:		
Operations:		
Net earnings for the year.....	\$265,803	\$360,670
Depreciation, depletion and amortization.....	448,713	455,115
	<u>714,516</u>	<u>815,785</u>
Final recovery from Supercrete (Ontario) Limited.....	—	39,003
	<u>714,516</u>	<u>854,788</u>
Funds were applied to:		
Expenditures on property, plant and equipment (net).....	284,897	508,126
Reduction of long-term debt.....	226,030	266,048
Cash dividend to shareholders.....	98,990	98,990
	<u>609,917</u>	<u>873,164</u>
Increase (decrease) in working capital.....	<u>\$104,599</u>	<u>\$(18,376)</u>









